RH BOPHELO LIMITED
Incorporated in the Republic of South Africa
(Registration number: 2016/533398/06)
JSE & RSE Share Code: RHB, ISIN: ZAE000244737
("**RHB**" or "**the Company**")

REVIEWED CONDENSED INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 AUGUST 2020

INTRODUCTION

The Board of Directors ("the Board") of the Company is pleased to present the interim results for the six months ended 31 August 2020.

The Company's primary objective is to generate returns for its shareholders through specific and targeted investments in the healthcare and financial services sectors. The Company achieves this through making equity, quasi-equity, and equity-related investments in healthcare and financial services. The Company executes on its investment mandate primarily through two wholly-owned subsidiaries, RH Bophelo Operating Company Proprietary Limited ("RHBO") and RH Financial Services Proprietary Limited ("RHFS"). These subsidiaries are utilised in order to acquire various investments on behalf of the Company.

RHB has been listed on the Johannesburg Stock Exchange ("JSE") since 12 July 2017, followed by a secondary listing on the Rwanda Stock Exchange on 1 June 2020.

FINANCIAL OVERVIEW

The key financial indicators reflected in these financial results are:

- Net asset value per share increased by 18%, current period R12,85 compared to prior period R10,86;
- Net asset value increased by 30% when compared to the prior period, from of R583,6 million to R756,6 million;
- Investment income increased by 160% when compared to the prior period, from R44,1 million to R114,8 million;
- Total income before tax increased by 168% when compared to the prior period, from R38,4 million to R103 million;
- Total income after tax increased by 161% when compared to the prior period, from R31 million to R81 million; and
- No dividends were declared in the current and prior period.

INVESTMENTS

During the six-month period, the Company increased its investments in equities. Investments in unlisted equities (classified as financial assets at fair value through profit or loss) allocated as follows:

- Investment in RHFS of R52,5 million; and
- Investment in RHBO of R102 million.

Investments by RHFS:

- Acquisition of 25% in Genric Insurance Company Limited ("Genric Insurance") for R45 million and shareholder loan of R7,5 million;

Investments by RHBO:

- Additional investment of 70% in Rondebosch Medical Centre Proprietary Limited for R93,75 million; and
- Loans issued as part of an Covid-19 relief, were allocated as follows:
  - R5,2 million to Vryburg Holdings Proprietary Limited ("Vryburg Private Hospital"); and
  - R3 million to Fauchard Tandheelkundige Sentrum Proprietary Limited ("Fauchard Day Clinic").

THE EFFECTS OF THE CORONAVIRUS PANDEMIC ("Covid-19")

The outbreak of the Covid-19 ("Coronavirus") in December 2019 has had profound consequences for the world at large. The various measures implemented in order to contain the spread of the outbreak, have fundamentally altered the way societies, governments and policymakers interact and collaborate with each other. The measures that have been implemented – ranging from the healthcare-specific measures to the broader measures aimed at containing the resultant economic and social impacts – have forced all stakeholders to revisit their place in the global health and socioeconomic value chains.

Summary of Covid-19 events and impact on the interim period.

In the aftermath of the Coronavirus outbreak, the Board has revisited the key ratios used in the assessment – solvency, profitability and liquidity indicators – and concluded that they remain within the range that the Board deems appropriate to support the going concern assumption. A key factor in this assessment was the fact that the company's operating units are in the healthcare sector and were classified as essential services, while the financial services sector continued to operate. The impact of this classification is that the decline in occupancy rates and capacity utilisation was marginal and a majority of our investee companies continued to operate within the normal range. To this end, the going concern assumption has been determined to be the appropriate basis for financial reporting as at 31 August 2020.

The Board has deliberated on the various events and identified those events that are regarded as material. In relation to the material events, the Board has assessed the financial impact on the RH Bophelo business. The summary of the financial impact is as follows:–

South Africa implemented National Lockdown in response Covid-19 which affected business operations, operating hours and sales forecasts. Although healthcare was classified as an essential service throughtout the lockdown. While the full lockdown and suspension of elective surgical procedures in the hospitals and closure of nonessential services, has resulted in a loss and/(or) decrease in revenue for some of our investee companies.

The following investee companies were negatively impacted by closure of business and deferral of elective procedures, and the impact is reflected in the investment section, through a decrease in the carrying amount for this period.

- Vryburg Private Hospital,
- Fauchard Hospital and
- Bell Hospital

South Africa's rating downgrade had a direct impact on a range of macroeconomic variables which are integral in the valuation of the investments of the Company. The changes in macroeconomic variables have been incorporated into the assessment of the valuations for the period. The effect of the changes in macroeconomic indicators is reflected in the changes in risk-free rates and the cost of debt. This has led to an overall increase in our weighted average cost of capital.

PREPARATION

The interim financial results have been prepared internally under the supervision of the Chief Financial Officer, Dion Mhlaba CA(SA), and approved by the Board of Directors.

The Board takes full responsibility for the preparation of this report and ensuring that the financial information has been correctly prepared.

These interim financial results have been independently reviewed by our external auditors, Mazars. A copy of their unmodified independent review conclusion is available from the Company's website [https://www.rhbophelo.co.za/investment/investors]. Any reference to future financial performance included in this announcement has not been reviewed or reported on by the external auditor. The auditor's independent review report does not necessarily report on all the information contained in this announcement. Shareholders are therefore advised that in order to get a full understanding of the nature of the auditor's engagement, they should obtain a copy of the auditor's independent review report together with the accompanying financial information from the Company's website https://www.rhbophelo.co.za/investment/investors

CONDENSED STATEMENT OF FINANCIAL POSITION AS AT 31 AUGUST 2020

	Notes	**Aug 2020 Reviewed R**	**Aug 2019 Restated R**	**Feb 2020 Audited R**
Assets				
Non-current assets				
Financial assets at fair value through profit or loss	4.1	768 224 273	311 587 370	509 735 040
Loans to group companies	4.2	40 234 417	14 359 178	35 945 632
		808 458 690	325 946 548	545 680 672
Current assets				
Loans to group companies	4.2	5 612 260	3 419 860	4 307 909
Other receivables		2 279 661	1 502 644	1 120 555
Cash and cash equivalents	4.7	44 164 704	265 094 836	120 069 140
		52 056 625	270 017 340	125 497 604
Total assets		860 515 315	595 963 888	671 178 276
Equity and Liabilities				
Equity				
Stated capital		576 299 672	523 339 672	547 339 672
Retained income		180 398 276	60 304 264	99 269 172
Total Equity		756 697 948	583 643 936	646 608 844
Non-current liabilities				
Deferred tax	4.9	44 490 460	10 570 303	22 547 966
Current liabilities				
Other payables		1 265 304	1 213 982	1 582 078
Income tax payable		771 603	535 667	439 388
Financial liability	4.8	57 290 000	-	-
		59 326 907	1 749 649	2 021 466
Total liabilities		103 817 367	12 319 952	24 569 432
Total equity and liabilities		860 515 315	595 963 888	671 178 276

CONDENSED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE SIX MONTHS ENDED 31 AUGUST 2020

	Notes	Aug 2020 Reviewed R	Aug 2019 Restated R	Feb 2020 Audited R
Investment income				
Gains from financial assets at fair value through profit or loss	4.3	107 382 855	29 503 511	84 063 771
Interest income	4.4	3 876 495	14 666 087	21 526 749
Interest expense		-	-	(203 859)
Dividend income	4.5	3 600 000	-	-
Total investment income		**114 859 350**	**44 169 598**	**105 386 661**
Other income		138 000	123 866	1 984 110
Professional fees		(6 505 265)	(2 850 477)	(7 911 711)
Management fees		(3 121 245)	(1 170 439)	(3 374 698)
Other operating expenses		(2 299 242)	(1 816 236)	(5 625 633)
Total expenses		(11 925 752)	(5 837 152)	(16 912 042)
Total income before tax		**103 071 598**	**38 456 312**	**90 458 729**
Income tax	4.10	(21 942 494)	(7 432 262)	(20 469 771)
Total income after tax		**81 129 104**	**31 024 050**	**69 988 958**
Other comprehensive income		-	-	-
Total comprehensive income		**81 129 104**	**31 024 050**	**69 988 958**
Earnings per share				
Per share information				
Basic earnings per share (R)		2,79	1,20	1,31
Diluted and headlines earnings per share (R)		2,79	1,20	1,31

CONDENSED STATEMENT OF CHANGES IN EQUITY FOR THE SIX MONTHS ENDED 31 AUGUST 2020

		Stated capital	**Retained income**	**Total**
Balance as at 1 March 2019		500 839 672	29 280 214	530 119 886
Shares issued		22 500 000	-	22 500 000
Total comprehensive income for the period		-	31 024 050	31 024 050
Balance as at 31 August 2019		523 339 672	60 304 264	583 643 936
Shares issued		24 000 000	-	24 000 000
Total comprehensive income for the period		-	38 964 908	38 964 908
Balance as at 1 March 2020		547 339 672	99 269 172	646 608 844
Shares issued	4.13	28 960 000	-	28 960 000
Total comprehensive income for the period		-	81 129 104	81 129 104
Balance as at 31 August 2020		576 299 672	180 398 276	756 697 948

CONDENSED STATEMENT OF CASH FLOWS FOR THE SIX MONTHS ENDED 31 AUGUST 2020

		Aug 2020 Reviewed R	Aug 2019 Restated R	Feb 2020 Audited R
Cash flows from operating activities				
Cash (utilised)/generated from operations	4.11	(7 553 314)	9 451 632	5 471 338
Income tax received/(paid)		332 215	-	(867 882)
Net cash (utilised)/generated from operating activities		(7 221 099)	9 451 632	4 603 456
Cash flows from investing activities				
Increase in investments in financial assets at fair value through profit or loss	4.1	(68 683 337)	(101 687 068)	(226 421 515)
Loans repaid by group companies		-	-	2 338 541
Loans issued to group companies		-	(16 218 386)	(34 000 000)
Net cash utilised from investing activities		(68 683 337)	(117 905 454)	(258 082 974)
Net decrease in cash and cash equivalents		(75 904 436)	(108 453 822)	(253 479 518)
Cash and cash equivalents at the beginning of the period		120 069 140	373 548 658	373 548 658
Cash and cash equivalents at the end of the period		44 164 704	265 094 836	120 069 140

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NOTES TO THE CONDENSED FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The reviewed interim financial results have been prepared in accordance with the the presentation and disclosure requirements of IAS 34 *Interim Financial Reporting* and the measurement and recognition requirements of International Financial Reporting Standards ("IFRS") and interpretations of IFRS, as issued by the International Accounting Standard Board, the Financial Reporting Pronouncements as issued by Financial Reporting Standards Council, the JSE Limited Listings Requirements, and the requirements of the South African Companies Act, 71 of 2008.

The reviewed interim financial results have been prepared on the historic cost basis except that financial assets at fair value through profit or loss are stated at their fair value. The results are presented in Rand, which is the Company's functional and presentation currency. The prior period has been restated, please refer to note 3 for additional disclosure.

The accounting policies and methods of computation are consistent with those included in the annual financial statements at 29 February 2020, except for

- Financial liabilities - these are initially recognised and measured at fair value and then subsequently measured at amortised cost using the effective interest rate of the liability. The financial liability relates to a commitment to settle the remaining purchase consideration relating to the acquisition of Rondebosch Medical Centre that was still outstanding at 31 August 2020.
- Dividends received - these are recognised as income on an accrual basis when the dividend has been declared by the investee.

The Company, together with its subsidiaries RH Bophelo Operating Company (RHBO) and RH Bophelo Financial Services (RHFS) are classified as investment entities in accordance with IFRS 10 *Consolidated Financial Statements*.The classification was assessed at the reporting date and the directors have determined that the company and its entities still meet the investment entity criteria and are exempt from consolidation in line with IFRS 10.31.

2. NEW STANDARDS AND INTERPRETATIONS

The amendment to IFRS 16 Leases became effective during the current period. The amendment relates to rent concessions offered as a result of the Covid-19 outbreak. The company did not apply for rent concessions and hence is not affected by the amendments to IFRS 16 *Leases.*

3. RESTATEMENT OF PRIOR PERIOD RESULTS

The accounting policies have been consistent since the prior reporting period. The prior period restatement is due to changes in the presentation of the statement of profit or loss and other comprehensive income, statement of financial position and notes to the interim report. This restatement does not result in a change in the total comprehensive income or net asset value reported in the prior period interim report.

Impact of changes in the statement of profit or loss and other comprehensive income:

In the prior period, the amounts relating to 'other income' of R322 115 were disclosed under total investment income. In the current period, 'other income' has not been presented as part of 'investment income', due to the fact that the nature of the income included in other income is not regarded as an investment income. 'Other income' has been restated to R123 866 from R322 115 as previously reported in the prior period, R198 249 has been erroneously disclosed in 'other income' instead of 'gains from financial assets at fair value through profit or loss', consequently an amount of R29 305 262 has been restated to R29 503 511. Other income comprises of board fees accrued, and other fees accrued to the Company.

Impact of changes on the statement of financial position:

In the prior period, 'deferred tax' of R10 570 303 was erroneously disclosed under 'current liabilities', rather than under non-current liabilities. In the current period, 'deferred tax' has been accurately presented under non-current liabilities. 'Income tax payable' of R535 667 was erroneously disclosed under 'other payables', rather than being disclosed as a separate account. In the current period, 'income tax payable' has been disclosed separately and not net off against 'other receivables'.

4. NOTES TO THE ANNUAL FINANCIAL STATEMENTS

4.1. Financial assets at fair value through profit or loss – investments in equity instruments

	Aug 2020 Reviewed	Aug 2019 Restated	Feb 2020 Audited
Opening balance	509 735 040	157 896 791	157 896 791
Additions – acquired in shares	28 960 000	22 500 000	46 500 000
Additions – acquired in acquired in financial liabilities	57 290 000	-	-
Additions – acquired in cash	68 683 337	101 687 068	226 421 515
Fair value gains	103 555 896	29 503 511	84 684 912
	768 224 273	311 587 370	515 503 218
Day 1 gains deferred*	-	-	(5 768 178)
	768 224 273	311 587 370	509 735 040

Additions include investments in unlisted equities for the current period in RHBO and RHFS. The investments are measured at fair value through profit or loss. The investments under RHBO and RH 12J have been designated into healthcare investments portfolio and RHFS have been designated into financial services investments portfolio.

*Loans provided to the investee companies are regarded as transactions between equity participants and the resultant Day 1 gains and losses; are presented as an adjustment to the carrying amount of the investments.

Investments in unlisted equity instruments – reconciliation

Aug 2020 Reviewed

	Opening balance 1 March 2020	Additions	Fair value changes	Closing balance
RHFS	3 746 257	52 500 000	15 982 680	72 228 937
RHBO	503 774 338	102 433 337	87 573 216	693 780 891
RH 12J	2 214 445	-	-	2 214 445
	509 735 040	154 933 337	103 555 896	768 224 273

Aug 2019 Restated

R	Opening balance 1 March 2019	Additions	Fair value changes	Closing balance
RHFS	-	3 350 000	-	3 350 000
RHBO	157 896 791	120 837 068	29 503 511	308 237 370
Balance	157 896 791	124 187 068	29 503 511	311 587 370

Feb 2020 Audited

	Opening balance	Addition	Fair value	Day 1 gains	Closing balance
RHFS	-	3 650 000	96 257	-	3 746 257
RHBO	157 896 791	266 771 515	84 874 210	(5 768 178)	503 774 338
RH 12J		2 500 000	(285 555)	-	2 214 445
	157 896 791	154 933 337	84 684 912	(5 768 178)	509 735 040

The valuation techniques applied to the valuation of each investment incorporate level 3 inputs. The valuation of the investments in unlisted equities relies on various unobservable inputs that are sensitive to changes that would affect the recognised value of the investments in the financial statements. To aid stakeholders understand the significant unobservable inputs that influence the valuation process, the company has identified the key inputs used in the valuations. A sensitivity analysis on this input has been prepared and disclosed in order to illustrate the potential impact of the changes to this inputs on the amounts recognised in the financial statements.

The ranges (and absolute values) used for the key unobservable inputs are as follows –

Input	Range used (2020 Reviewed)	Range used (2019 Restated)
Capitalisation rate	10% to 12%	10% to 11%
TGR (Terminal Growth rate)	4% to 5,1%	6% to 7,5%
WACC (Weighted Average Cost of Capital)	17,68% to 23,17%	15,09% to 18%
EBITDA (Earnings before interest, tax, depreciation and amortisation)	11,74%	10,72%
Market interest rate	7%	10% to 11%

Explanation of key valuation inputs and possible impact of changes in inputs

Significant unobservable input	Current unit of measurement	Favourable changes	Unfavourable changes
Capitalisation rate#	10% – 12%	Decrease by 25 basis points, will result in an increase in the value of investments at year-end.	Increase by 25 basis points, will result in a decrease in the value of investments at year-end.
Terminal Growth rate	4% - 5,1%	Increase by 25 basis points, will result in an increase in the value of investments at year-end.	Decrease by 25 basis points, will result in a decrease in the value of investments at year-end.
WACC (range)	17,68% – 23,17%	Decrease by 25 basis points, will result in an increase in the value of investment at year-end.	Increase by 25 basis points, will result in a decrease in the value of investments at year-end.
EBITDA Using the seven year compounded annual growth rate on EBITDA	11,74%	Increase by 250 basis points, will result in a increase in the value of investments at year-end.	Decrease by 250 basis points, will result in an decrease in the value of investment at year-end.
Market interest rate (Prime + 1%) *(Applicable to group loans)*	7%	Decrease by 25 basis points, will result in an increase in the loan value at year-end.	Increase by 25 basis points, will result in a decrease in the loan value at year-end.

 # The capitalisation rate is used in the valuation the properties acquired as part of investments

Sensitivity analysis – investments in unlisted equities

The table below reflects the effect of changes in significant unobservable inputs that affect the valuation of the company's financial assets. As the investments are held at fair value through profit or loss; the changes – if they materialised – would be reflected in the statement of profit or loss.

R	**Aug 2020 Reviewed**		**Aug 2019 Restated**	
Significant unobservable input	Favourable changes	Unfavourable changes	Favourable changes	Unfavourable changes
Capitalisation rate	11 854 303	(11 327 445)	2 060 546	(1 964 206)
Terminal growth rate*	17 610 864	(17 026 244)	8 172 653	(7 878 676)
WACC	16 418 870	(15 911 298)	6 765 319	(6 636 962)
EBITDA	19 128 133	(19 128 131)	8 746 336	(8 746 336)
Total	**65 012 170**	**(63 393 118)**	**25 744 855**	**(25 226 179)**
Current fair value as at period end	**768 224 273**	**768 224 273**	**311 587 370**	**311 587 370**
Fair value after accounting for total effect of changes in inputs	833 236 443	704 831 155	337 332 225	286 361 191

*The sensitivity analysis relating to the terminal growth rate was applied on the terminal value for all investments of R411 million (prior period: R125 million). The DCF method was used to value all investments with a terminal growth rate of 4,5% to 5,1%.

4.1.1 Summary of significant investments

Aug 2020 Reviewed

Entity	**Description**	**Economic interest**	**Fair value at end of period (R)**	**WACC**	**Proportion of total investments**
Investments in subsidiaries*					
Africa Healthcare Proprietary Limited	Operates and owns hospitals, pharmaceuticals	100%	272 499 017	17,68%	35%
Medicare Private Hospital**	Hospital services and investment property	51%	147 616 000	18,10%	19%
RH Bell Clinic	Hospital services and investment property	100%	32 205 405	23,05%	4%
Fauchard Clinic	Hospital services and investment property	100%	23 548 845	23,17%	3%
Vryburg Investment Holdings	Hospital services and investment property	81%	28 450 097	22,36%	4%
Rondebosch Medical Centre Proprietary Limited	Hospital services	100%	177 950 196	18,26%	23%
Investments in Associates*					
Genric Insurance	Insurance	25%	68 502 853	18,00%	9%

**Each of the investment listed here represent at least 3% of the total value of the investments at fair value through profit or loss.*
***RHBO, through Megafrack Proprietary Limited owns 51% of BMC Gilliwie Proprietary Limited and 50,1% of Magnacorp 84 Proprietary Limited.*

4.1.2 Senstivity analysis – Properties

Included in some of the investment balances are amounts relating to properties that are acquired as part of the investee companies. The capitalisation rate used to value each property is a signifant unobservable input. An increase in the capitalisation rate results in a decrease in the fair value of the property and – by extension – the fair value of the investment. A decrease in the capitalisation rate results in an increase in the fair value of the property and – by extension – the fair value of the investment.

The sensitivity analysis relating to the property component of each investment with a fair value that has a property element is as follows –

Entity	**Total fair value at end of period**	**Property value included in valuation**	**Capitalisation rate**	**Changes in capitalisation rate**	
Aug 2020 Reviewed				Favourable (-250 bps)	Unfavourable (+250 bps)
Africa Healthcare Proprietary Limited	272 499 017	11 000 000	12%	234 043	(224 490)
Vryburg Investment Holdings	28 450 097	22 906 800	11%	532 716	(509 040)
Medicare Hospital	147 616 000	50 457 715	10%	1 293 788	(1 230 676)
RH Bell Clinic	32 205 405	34 000 000	12%	755 556	(723 404)
Fauchard Clinic	23 548 845	13 000 000	12%	288 889	(276 596)

Sensitivity analysis – significant investments in unlisted equities

The table below reflects the effect of changes in significant unobservable inputs that affect the valuation of the company's financial assets. As the investments are held at fair value through profit or loss; the changes – if they materialised – would be reflected in the statement of profit or loss.

Aug 2020 Reviewed

Entity		**WACC**		**EBITDA**		**TGR**	
Subsidiary	**Total fair value at end of period**	**Favourable -0,25%**	**Unfavourable +0,25%**	**Favourable +0,25%**	**Unfavourable -0,25%**	**Favourable +0,25%**	**Unfavourable -0,25%**
Africa Healthcare Proprietary Limited	272 499 017	6 110 113	(5 863 042)	5 214 091	(5 214 091)	5 827 068	(5 726 939)
Vryburg Investment Holdings	28 450 097	189 662	(179 197)	2 992 711	(2 992 711)	210 685	(198 413)
Medicare Hospital	147 616 000	1 891 257	(1 950 584)	1 636 509	(1 636 509)	3 499 685	(3 354 955)
RH Bell Clinic	32 205 405	331 386	(317 492)	1 300 102	(1 300 101)	253 259	(244 917)
Fauchard Clinic	23 548 845	283 139	(271 108)	48 431	(48 431)	240 745	(232 473)
Rondebosch Medical Centre Proprietary Limited	177 950 196	3 573 024	(3 440 176)	977 084	(977 084)	3 195 033	(3 058 492)
Wesmart Financial Services	3 726 085	49 082	(47 095)	53 743	(53 743)	73 942	(71 579)
Associate							
PBHPM*	10 590 608	83 634	(82 067)	507 920	(507 920)	181 728	(177 652)
Genric Insurance	68 502 853	3 622 605	(3 472 709)	5 987 537	(5 987 537)	3 622 605	(3 472 709)

*Phelang Bonolo Healthcare Procurement and Management Proprietary Limited ("PBHPM")

4.1.3 Disclosures required by Section 15 of the JSE Listings Requirements.

August 2020 Reviewed portfolio reconciliation per segment:

RHBO Portfolio –

	Opening balance	Increase	Fair value changes	Closing balance
Africa Healthcare	224 517 546	-	47 981 471	272 499 017
Vryburg Private Hospital	26 545 792	5 222 000	(3 317 695)	28 450 097
Rondebosch Medical Centre	46 130 735	93 750 000	38 069 461	177 950 196
Medicare hospital	120 282 740	-	27 333 260	147 616 000
RH Bell Clinic	39 088 060	-	(6 882 655)	32 205 405
Fauchard Clinic	28 452 081	3 000 000	(7 903 236)	23 548 845
PBHPM	11 506 065	-	(915 457)	10 590 608
	496 523 019	**101 972 000**	**94 365 149**	**692 860 168**
(Less)/plus net debt	7 251 319	461 337	(6 791 933)	920 723
	503 774 338	**102 433 337**	**87 573 216**	**693 780 891**

RHFS Portfolio –

	Opening balance	Increase	Fair value changes	Closing balance
Genric Insurance	-	52 500 000	16 002 853	68 502 853
Wesmart Financial Services	3 746 257	-	(20 173)	3 726 084
	3 746 257	**52 500 000**	**15 982 680**	**72 228 937**

August 2019 Restated portfolio reconciliation per segment:

RHBO Portfolio –

	Opening balance	Increase	Fair value changes	Closing balance
Africa Healthcare	95 489 661	-	-	95 489 661
Vryburg Private Hospital	28 421 964	-	-	28 421 964
Medicare hospital	-	120 837 068	29 503 511	150 340 579
Rondebosch Medical Centre	35 000 001	-	-	35 000 001
	158 911 626	**120 837 068**	**29 503 511**	**309 252 205**
Less net debt	(1 014 835)	-	-	(1 014 835)
	157 896 791	**120 837 068**	**29 503 511**	**308 237 370**

RHFS Portfolio –

	Opening balance	Increase	Fair value	Closing balance
Wesmart Financial Services	-	3 350 000	-	3 350 000

4.2. Loans to group companies

	Aug 2020 Reviewed	Aug 2019 Restated	Feb 2020 Audited
Opening balance	40 253 541	2 338 541	2 338 541
Additions	-	15 019 675	34 000 000
Day 1 gains	-	-	5 768 178
Repayments	(942 634)	(201 678)	(2 338 541)
Interest accrued	2 708 811	622 500	1 106 504
Fair value changes	3 826 959	-	(621 141)
Closing balance	45 846 677	17 779 038	40 253 541

At the end of the financial period, remaining cash flows are discounted at the prevailing market rate of prime + 1%. The difference between the present value of the remaining cash flows (discounted at the market rate) and the cumulative balance on the loan accounts, is a fair value adjustment for the period.

Explanation of key valuation inputs and possible impact of changes in inputs:

The company has a financial assistance policy that governs the provision of financial assistance to group companies. A key input – the interest charged on the financial assistance – is dependent on the profile of each entity and is regarded as an unobservable input. This input is central to the valuation of the loans provided to group companies. As a result, any change to this and other unobservable input would affect the recognised value of the loans in the annual financial statements. To aid stakeholders understand the possible impact of the change in significant inputs that influence the valuation process for the loans to group companies, the company has prepared a sensitivity analysis based on changes – both favourable and unfavourable – to the inputs.

Sensitivity analysis – loans to group companies

The table below reflects the effect of changes in significant unobservable inputs that affect the valuation of the loans to group companies. As the loans are classified as financial assets at fair value through profit or loss; the changes – if they materialised – would be reflected in the statement of profit or loss.

R	**31 August 2020 Reviewed**		**31 August 2019 Restated**	
Significant unobservable input	Favourable changes (+)	Unfavourable changes (-)	Favourable changes (+)	Unfavourable changes (-)
Market interest rate (prime + 1%)	337 170	(347 280)	19 588	(20 175)
Current fair value as at period end	**45 846 677**	**45 846 677**	**17 779 038**	**17 779 038**
Fair value after accounting for total effect of changes in inputs	46 183 847	45 499 397	17 798 626	17 778 863

4.3. Gains from financial assets at fair value through profit or loss

	Aug 2020 Reviewed R	Aug 2019 Restated R
Fair value gains on unlisted equities	103 555 896	29 503 511
Fair value gains on group loans	3 826 959	-
	107 382 855	29 503 511

Refer to 4.1 and 4.2 for details in fair value movements.

4.4. Interest income

Interest income from the bank balances	1 167 685	14 043 587
Interest income from group loans*	2 708 810	622 500
	3 876 495	14 666 087

*Interest income was from loans with Africa Healthcare Proprietary Limited and Notamed Proprietary Limited, total interest of R1 766 178 was accrued but not paid by end of the period. Refer to note 4.2 for disclosure on loans.

4.5. Dividend income

RH Financial Services Proprietary Limited	3 600 000	-

4.6. Total expenses

Total expenses included the following

Management fees**	3 121 245	1 170 439
Directors fees	517 454	220 000
Office rent	211 335	193 447

** Management fees are calculated between 0,7% to 1% per quarter based on the total issued capital and are payable to RH Bophelo Management Company Proprietary Limited for investment management services.

4.7. Cash and cash equivalents

Investment account	43 387 377	263 794 022
Current account	777 327	1 300 814
	44 164 704	265 094 836

Cash and cash equivalents consists of the Company's cash balances held in a current account and an investment account with First National Bank. Included in this balance is an amount of R3 million held in favour of Wesmart on behalf of Genric Insurance Company Limited, in terms of the cell captive agreement.

4.8. Financial liability

RHBO acquired 70% of Rondebosch Medical Centre, where an outstanding balance of R57,29 million had not been paid by the end of the period. The Company agreed to settle the R57,29 million on behalf of RHBO using its cash resources or through an issue of its shares. At the end of the period, the fair value of the outstanding balance was recognised as a financial liability held at amortised cost.

	Aug-20 Reviewed	Aug-19 Restated
4.9. Deferred tax		
Opening balance	22 547 966	3 717 681
Current period movements	21 942 494	6 852 622
Closing balance	44 490 460	10 570 303
Current period reconciliation:		
Gains from financial assets at fair value through profit or loss	24 053 760	6 852 622
Deferred tax from assessed losses	(2 111 266)	-
	21 942 494	6 852 622

4.10. Income tax

South African Income tax		
Normal current taxation	(2 111 266)	579 640
Deferred taxation	24 053 760	6 852 622
	21 942 494	7 432 262

4.11. Cash flows from operating activities

Total income before tax	103 071 598	38 456 312
Non-cash items		
Interest accrued on loans to group companies	(1 766 177)	-
Gains from financial assets at fair value through profit or loss	(107 382 855)	(29 503 511)
Changes in working capital		
(Increase)/decrease in other receivables	(1 159 106)	262 308
(Decrease)/increase in other payables	(316 774)	38 274
Cash (utilised)/generated from operations	(7 553 314)	9 451 632

4.12. Related Parties

Related party balances reflected on the statement of financial position

Other receivables		
RH Bophelo Management Company Proprietary Limited*	936 233	-
RH Bophelo Operating Company Proprietary Limited	1 897	-
Vryburg Holding Company	-	4 495
Medicare Private Hospital	-	16 188
RH Bell Clinic	-	161 676
	938 130	182 359
Other payables		
RH Bophelo Financial Services Proprietary Limited	(144 704)	-
RH Bophelo Management Company Proprietary Limited*	-	(757 757)
	(144 704)	(757 757)
Loans to group companies (subsidiaries)		
RH Bophelo Operating Company Proprietary Limited	-	2 999 038
Africa Healthcare Proprietary Limited	18 164 670	14 420 822
Notamed Proprietary Limited	27 682 008	-
	45 846 678	17 419 860

Related party transactions with an impact on the statement of profit or loss

	Aug 2020 Reviewed R	Aug 2019 Restated R
Interest income (subsidiaries)		
Africa Healthcare Proprietary Limited	1 099 843	622 500
Notamed Proprietary Limited	1 608 968	-
	2 708 811	622 500
Dividend income (subsidiaries)		
RH Bophelo Financial Services Proprietary Limited	3 600 000	-
Fair value gains through profit or loss on investments (subsidiaries)		
RH Bophelo Operating Company Proprietary Limited	87 573 216	29 503 511
RH Bophelo Financial Services Proprietary Limited	15 982 680	-
	103 555 896	29 503 511
Fair value gains through profit or loss on loans (subsidiaries)		
Africa Healthcare Proprietary Limited	1 365 828	-
Notamed Proprietary Limited	2 461 130	-
	3 826 958	-
Other income (directors fees)		
Rondebosch Medical Centre (associate)	138 000	138 000
Expenses		
RH Bophelo Management Company Proprietary Limited*	(3 121 245)	(1 170 439)
RH Managers Proprietary Limited**	(211 335)	(184 425)
	(3 332 580)	(1 354 864)

The company has cross directorships with RH Bophelo Management Company Proprietary Limited and RH Managers Proprietary Limited:
*RH Bophelo Management Company Proprietary Limited ("RHBM") provides investment management services, including portfolio management. Management fees are calculated between 0,7% to 1% per quarter based on the total issued capital.
**RH Managers Proprietary Limited includes cost recovery for office related rental expenses.

4.13. Stated Capital

The company's authorised stated capital is 10 000 000 000 "A" no par value ordinary shares with voting rights. (2019: 10 000 000 000 "A" no par value ordinary shares with voting rights).The company also has 1 "B" restrictive class of shares with voting rights. (2019: 1 "B" restrictive class of shares with voting rights) held by RH Bophelo Management Company proprietary limited. The B share provides an incentive to the management company for investing and managing the portfolio into viable businesses that attract income and capital appreciation above a hurdle rate of 10%.

During the period, the company issued 2 940 821 "A" ordinary shares at an average price of R9,94 per share (2019: 3 750 000 shares at an average price of R9,5 per share) to fund the acquisitions of Genric Insurance Proprietary Limited and Rondebosch Medical Centre. The total number of ordinary shares in issue as at 31 August 2020 is 58 875 000 (31 August 2019: 53 750 000).

The net asset value per share for the current period of R12,85 (prior period: R10,86), was calculated using a total issued shares of 58 875 000 (prior period: 53 750 000). The tangible net asset value per share for the current period of R12,85 (prior period: R10,86), was calculated using a total issued shares of 58 875 000 (prior period: 53 750 000).

4.14. Basic and Headline Earnings Per Share

The calculation of basic and headline earnings per ordinary share is based on earnings of R81 129 104 (2019: R31 024 050) and a weighted average number of shares in issue of 29 067 000 (2019: 25 759 700). The basic and headline earnings per share is R2,79 (2019: R1,20). The weighted average number of shares for prior period has been restated, with a resultant change in reported earnings per share and headlines earnings per share from R0,61 to R1,20.

4.15. Commitments and financial support

The company provides financial support to investee companies in line with its policy on financial assistance. During the 2020 financial period, the financial support was provided in the form of equity injections, guarantees and loan commitments.

A summary of transactions for financial support are as follows –

Name of subsidiary	Equity	Purpose for financial support
RH Financial Services Proprietary Limited	52 000 000	Expansion
RH Bophelo Operating Company Proprietary	93 750 000*	Expansion
RH Bophelo Operating Company Proprietary	8 222 000	Covid-19 relief

*included here is a payment of R57,29 million for the completion of the Rondebosch Medical Centre acquisition. Refer to note 4,7.

The company had no outstanding loan commitments to investee companies in the current period and prior period.

4.16. Segment reporting

The company's chief operating decision maker (CODM) – the executive committee – makes strategic resource allocations on behalf of the company. The company has two segments – the healthcare segment and the financial services segment. The two segments are measured on the basis of the investment income and capital appreciation. The investment income comprises of gains or losses in the fair value of underlying investments in associates and subsidiaries, plus any interest income.

The segment information provided to the CODM for the interim period 31 August 2020 is as follows:

2020 Reviewed	Healthcare segment	Financial services segment	Total
Gains from financial assets at fair value through profit or loss	91 400 175	15 982 680	107 382 855
Interest income	2 708 811	-	2 708 811
Dividend income	-	3 600 000	3 600 000
Segment investment income	94 108 986	19 582 680	113 691 666
Segment other income	138 000	-	138 000
Segment total income	**94 246 986**	**19 582 680**	**113 829 666**
Segment expenses	(492 500)	-	(492 500)
Total segment net income	**93 754 486**	**19 582 680**	**113 337 166**

Segment assets			
Financial assets at fair value through profit or loss	503 774 338	3 746 257	507 520 595
Loans to group companies	40 253 541	-	40 253 541
Total segment assets	**544 027 879**	**3 746 257**	**547 774 136**
Total segment liabilities	**(57 290 000)**	**(144 704)**	**(57 434 704)**

2019 Restated	Healthcare segment	Financial services segment	Total
Gain from financial assets at fair value through profit or loss	29 503 511	-	29 503 511
Interest income	622 500	-	622 500
Segment investment income	30 126 011	-	30 126 011
Segment other income	123 866	-	123 866
Segment total income	**30 249 877**	**-**	**30 249 877**
Segment expenses	(322 140)	(200 000)	(522 140)
Total segment net income	**29 927 737**	**(200 000)**	**29 727 737**
Segment assets			
Financial assets at fair value through profit or loss	308 237 370	3 350 000	311 587 370
Loans to group companies	17 779 038	-	17 779 038
Total segment assets	**326 016 408**	**3 350 000**	**329 366 408**

Reportable segment income and expenses are reconciled to total income and expenses as follows

	Aug 2020 Reviewed	Aug 2019 Restated
Segment income	113 829 666	30 249 877
Interest income	1 167 685	14 043 587
Total investment income	**114 997 351**	**44 293 464**
Segment expenses	(492 500)	(522 140)
Total expenses	(11 433 252)	(5 315 012)
Total expenses	**(11 925 752)**	**(5 837 152)**
Total income for the period (before tax)	**103 071 599**	**38 456 312**

Reportable segment assets are reconciled to total assets as follows:

Segment assets for reportable segments	814 070 950	329 366 408
Other current assets	48 555 631	266 597 480
Total assets	**862 626 581**	**595 963 888**
Segment liabilities for reportable segments	57 434 704	-
Other liabilities	48 493 929	12 319 952
Total liabilities	**105 928 633**	**12 319 952**

4.17. Going Concern

The Board has undertaken a detailed review of the going concern capability of the Company with reference to certain assumptions and plans underlying various internal cash flow forecasts. This included making available R10 million in cash resources to support its investee companies that were financially impacted by the lockdown regulation for businesses that were not classified as essential services. Up to 31 August 2020, only R8,2 million of this facility had been utilised.

With the exception of the ongoing impacts of Covid-19 – as indicated in the directors' report – the Board has not identified any events or conditions that individually or collectively cast significant doubt on the ability of the Company to continue as a going concern. The impact of this classification is that the decline in occupancy rates and capacity utilisation was marginal and all units continued to operate within the normal range. To this end, the going concern assumption has been determined to be the appropriate basis for financial reporting as at 31 August 2020.

4.18. Events After the Reporting Period

Since the end of the financial reporting period on 31 August 2020, some significant events have materialised that the directors wish to bring to the attention of all stakeholders.

The company has concluded the following acquisitions in the period between 31 August 2020 and the publication of this set of interim results:

- the company issued 5 816 298 shares at R9,95 to Perthpark Properties Proprietary Limited in order to raise R57,29 million to finalise the Rondebosch Medical Centre acquisition.

4.19. Director changes

No director changes have materialised in the current period.

4.20. Dividends

No dividend has been declared during the period under review and during the prior period.

On behalf of the Board

Quinton Zunga
CEO

Dion Mhlaba
CFO

Johannesburg
29 October 2020

Registered Office
3rd floor, 18 Melrose Boulevard
Melrose Arch, Melrose North
Johannesburg, 2076
South Africa
Tel: 010 007 2171
Email: invest@rhbophelo.co.za

Directors
Q Zunga (Chief executive officer)
KD Mhlaba (Chief financial officer)
VP Nomvalo (Executive director)
C Clarke (Executive director)
Dr. SG Motuba (Lead independent non-executive Director)
Dr. KR Ntshwana (Independent non-executive Director)
JR Oliphant (Non-executive chairman)
Dr. PD Sekete (Non-executive Director)
D Lerutla (Independent non-executive Director)
B Segooa (Independent non-executive Director)
R Nkadimeng (Independent non-executive Director)

Company Secretary
Corporate Vision Consulting Proprietary Limited
(Registration number 2015/006536/07)
3 Decotah, Canart Street, Kyalami Hills
Johannesburg, 1684
South Africa

Auditors
Mazars
54 Glenhove Road
Melrose Estate
Johannesburg
Gauteng
2196

Transfer Secretaries
Computershare Investor Services Proprietary Limited
(Registration number 2004/003647/07)
Rosebank Towers,
15 Biermann Ave, Rosebank,
Johannesburg, 2196
South Africa

Sponsor South Africa
Deloitte & Touche Sponsor Services Proprietary Limited
(Registration number 1996/000034/07)
Deloitte & Touche
5 Magwa Crescent
Waterfall City
Johannesburg, Gauteng
2090
South Africa

Sponsor Rwanda
Faida Securities Rwanda Limited
(Registration number 101856301)
Centenary House,
4th-Floor
124
Kigali